

Message Text

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PAGE 01 STATE 078782
ORIGIN PM-05

INFO OCT-01 ARA-10 ISO-00 SS-15 OES-07 L-03 ACDA-12
CIAE-00 INR-10 NSAE-00 SP-02 NSC-05 EB-08 DOE-15
SOE-02 NRC-05 DODE-00 CEQ-01 /101 R

DRAFTED BY PM/NPP:GOPLINGER/DS
APPROVED BY PM/NPP:GOPLINGER
S/AS-AMB SMITH
T/D-MR. NYE
OES/NET-MR. DEMING
ARA-MR. RONDON
L/N-MR. BETTAUER
ACDA-MR. VAN DOREN
-----008269 280108Z /62

P 272313Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES PRIORITY

S E C R E T STATE 078782

E.O. 11652: GDS

TAGS: PARM, ENRG, AR

SUBJECT: DIPLOMATIC NOTE ON NUCLEAR COOPERATION

REF: STATE 73111

THE FOLLOWING IS CORRECTED TEXT OF REFERENCED CABLE.

1. DURING RECENT DISCUSSIONS WITH AMBASSADOR SMITH IN
VIENNA, ADMIRAL CASTRO MADERO ASKED THAT WE PROVIDE HIM
A WRITTEN STATEMENT OF THE CONDITIONS UNDER WHICH WE WOULD
SUPPLY HEAVY WATER TECHNOLOGY TO ARGENTINA. WE WELCOME
THE OPPORTUNITY TO SET THE RECORD STRAIGHT ON WHAT THE
ARGENTINES HAVE BEEN TOLD IN THE PAST. IT IS IMPORTANT
SECRET

SECRET

PAGE 02 STATE 078782

TO RESPOND TO CASTRO MADERO'S REQUEST AND TO ESTABLISH OUR
POSITION UNEQUIVOCALLY TO FORESTALL ANY FURTHER ARGENTINE
MISUNDERSTANDING.

2. EMBASSY IS REQUESTED TO DELIVER FOLLOWING NOTE TO
APPROPRIATE SENIOR LEVEL OF FOREIGN OFFICE, WITH COPIES
TO ADMIRAL CASTRO MADERO AT CNEA AND, IN EMBASSY'S DISCRE-

TION, TO SENIOR OFFICIAL AT PRESIDENCY.

3. QUOTE THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS AND HAS THE HONOR TO REFER TO RECENT DISCUSSIONS BETWEEN OFFICIALS OF OUR TWO GOVERNMENTS CONCERNING OUR COOPERATION IN THE FIELD OF NUCLEAR ENERGY. THE UNITED STATES WISHES TO CONFIRM ITS POSITION ON A NUMBER OF THE QUESTIONS EXPLORED IN THOSE DISCUSSIONS, INCLUDING THE QUESTION OF THE POSSIBLE TRANSFER TO ARGENTINA OF TECHNOLOGY AND EQUIPMENT FOR THE PRODUCTION OF HEAVY WATER, AND ITS UNDERSTANDING OF THE JOINT COMMUNIQUE ISSUED DURING THE VISIT OF SECRETARY OF STATE VANCE TO BUENOS AIRES ON NOVEMBER 20 TO 22, 1977.

DURING THE DISCUSSIONS BETWEEN OUR OFFICIALS IN BUENOS AIRES ON NOVEMBER 18 TO 22, 1977, THE UNITED STATES INDICATED THAT IT WOULD WELCOME THE EXPANSION OF NUCLEAR COOPERATION BETWEEN OUR TWO COUNTRIES SUBJECT TO THE REQUIREMENTS OF US POLICY AND LAW. US OFFICIALS DESCRIBED A THREE-STAGE PROCESS THROUGH WHICH SUCH EXPANDED COOPERATION MIGHT TAKE PLACE.

IN THE FIRST STAGE, THE ARGENTINE GOVERNMENT WOULD RATIFY THE TREATY OF TLATELOLCO, AND THE UNITED STATES WOULD RATIFY PROTOCOL I OF THE TREATY OF TLATELOLCO. THESE ACTIONS WOULD OCCUR SEPARATELY; THEY WOULD NOT BE LINKED,
SECRET

SECRET

PAGE 03 STATE 078782

NOR WOULD SUBSEQUENT STAGES OF EXPANDED COOPERATION BE SPECIFICALLY LINKED TO THESE ACTIONS. THESE MEASURES WOULD, HOWEVER, CREATE A CLIMATE OF MUTUAL COOPERATION AND FACILITATE SUBSEQUENT STAGES. THE UNITED STATES AND ARGENTINA WOULD ALSO, IN THIS FIRST PHASE, COMPLETE NECESSARY ARRANGEMENTS TO PERMIT THE TRANSFER OF US-ORIGIN ENRICHED URANIUM FROM ARGENTINA TO PERU TO FUEL A ZERO-POWER RESEARCH REACTOR WHICH ARGENTINA IS SUPPLYING TO PERU. IT WAS UNDERSTOOD THAT IN SUBMITTING ITS RATIFICATION OF THE TREATY OF TLATELOLCO, THE ARGENTINE GOVERNMENT WOULD NOT MAKE ANY STATEMENT INTERPRETING ARTICLE 18 OF THE TREATY AS PERMITTING THE DEVELOPMENT, MANUFACTURE, OR TESTING OF PEACEFUL NUCLEAR EXPLOSIVE DEVICES BY ARGENTINA.

AS A SECOND STAGE IN THE EXPANSION OF NUCLEAR COOPERATION BETWEEN OUR TWO GOVERNMENTS, THE UNITED STATES INDICATED THAT IT WOULD BE WILLING TO CONSIDER THE TRANSFER OF URANIUM ENRICHED TO A MAXIMUM OF 20 PERCENT IN THE ISOTOPE U-235 TO FUEL RESEARCH REACTORS WHICH ARGENTINA MIGHT SUPPLY TO OTHER GOVERNMENTS, THE PROVISION OF ENRICHED URANIUM TO FUEL ARGENTINA'S RA-3 RESEARCH REACTOR

AND THE PROVISION TO ARGENTINA OF HEAVY WATER. COOPERATION IN ALL THESE AREAS WOULD BE FACILITATED BY A FULL-SCOPE SAFEGUARDS AGREEMENT WITH THE IAEA. SUCH SAFEGUARDS WILL IN THE FUTURE BE LEGALLY REQUIRED AS A CONDITION OF US COOPERATION. IF NOT ALREADY ACCOMPLISHED UNDER STAGE ONE, COOPERATION IN THESE AREAS WOULD BE

FACILITATED BY ARGENTINE RATIFICATION OF THE TREATY OF TLATELOLCO. SOME OF THE TRANSFERS CONTEMPLATED IN THIS STAGE WOULD NECESSITATE AMENDMENT OF THE US-ARGENTINE AGREEMENT FOR COOPERATION TO COMPLY WITH THE REQUIREMENTS OF NEW US LAW; ALL WOULD REQUIRE COMPLIANCE WITH THE IMMEDIATE LICENSING CRITERIA ESTABLISHED BY THE LAW.

SECRET

SECRET

PAGE 04 STATE 078782

THE UNITED STATES WOULD BE PREPARED TO CONSIDER, IN A THIRD STATE OF EXPANDED COOPERATION, THE TRANSFER OF HEAVY WATER PRODUCTION TECHNOLOGY TO ARGENTINA. THIS TECHNOLOGY IS CONSIDERED SENSITIVE UNDER US POLICY AND LAW, AND ITS TRANSFER TO ANOTHER COUNTRY WOULD MARK AN IMPORTANT DEPARTURE FROM US POLICY WHICH COULD ONLY BE CONTEMPLATED UNDER CONDITIONS WHICH SIGNIFICANTLY ADVANCED US NON-PROLIFERATION OBJECTIVES. DEFERRAL OF CHEMICAL REPROCESSING ACTIVITIES IN ARGENTINA, AND THE ENTRY INTO FORCE OF A FULL-SCOPE SAFEGUARDS AGREEMENT WITH THE IAEA (IF NOT ALREADY ACCOMPLISHED UNDER STAGE TWO), WOULD BE ESSENTIAL PRECONDITIONS. IN ADDITION, SUCH TRANSFERS WOULD REQUIRE AMENDMENT OR RENEGOTIATION OF OUR AGREEMENT FOR COOPERATION, INCLUDING THE PROVISIONS FOR AMENDED AGREEMENTS SET FORTH IN US LAW AND WOULD BE SUBJECT TO THE LICENSING CRITERIA SET FORTH IN THAT LAW.

PARAGRAPH 7 OF THE JOINT COMMUNIQUE OF NOVEMBER 21, 1977, EXPRESSES THE INTEREST OF OUR TWO GOVERNMENTS 'IN INCREASING THE SCOPE OF THEIR EXISTING AGREEMENT FOR COOPERATION TO INCLUDE RELEVANT TECHNOLOGY AND WAYS OF MEETING ARGENTINA'S HEAVY WATER NEEDS AS WELL AS PROVISION OF FUEL TO BE USED IN THE RESEARCH REACTORS THAT ARGENTINA HAS PROPOSED TO EXPORT TO PERU, RECOGNIZING ARGENTINA'S POTENTIAL AS A SIGNIFICANT NUCLEAR SUPPLIER ON THE SAME BASIS AS OTHER SUPPLIERS.' IT IS OUR CLEAR UNDERSTANDING THAT THIS PORTION OF THE COMMUNIQUE WAS INTENDED TO REFER TO EXPANDED US-ARGENTINE NUCLEAR COOPERATION UNDER THE FIRST AND SECOND STAGES OUTLINED ABOVE, AND THAT THE REFERENCE TO 'RELEVANT TECHNOLOGY' DID NOT INCLUDE THE TRANSFER OF HEAVY WATER PRODUCTION TECHNOLOGY EXCEPT UNDER THE CONDITIONS DESCRIBED FOR THE THIRD STAGE.

SECRET

SECRET

PAGE 05 STATE 078782

THE REQUIREMENT FOR A DEFERRAL OF REPROCESSING ACTIVITIES AS WELL AS NEGOTIATION OF A FULL-SCOPE SAFEGUARDS AGREEMENT AS A PRECONDITION FOR THE TRANSFER OF HEAVY WATER PRODUCTION TECHNOLOGY WAS EXPLAINED TO ARGENTINE OFFICIALS DURING ADMIRAL CASTRO MADERO'S VISIT TO WASHINGTON ON OCTOBER 18, 1977, DURING THE COURSE OF OUR EXCHANGES IN BUENOS AIRES IN NOVEMBER, MORE RECENTLY IN DISCUSSIONS WITH DR. JOSEPH NYE IN WASHINGTON AND WITH AMBASSADOR GERARD SMITH IN VIENNA, AND IN DISCUSSIONS WITH AMBASSADOR AJA ESPIL ON FEBRUARY 6, 1978.

THE US WOULD LIKE TO REITERATE ITS WILLINGNESS TO COOPERATE WITH ARGENTINA IN ACCORDANCE WITH THE THREE-STAGE PROCESS DESCRIBED ABOVE. UNQUOTE VANCE

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